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SUBJECT: (C) MR. NICE GUY - NEW ZEALAND'S NEW OPPOSITION  
LEADER

Classified By: Consul General John Desrocher for reasons 1.4 (b) and (d).

(U) This message was drafted by ConGen Auckland and approved by Embassy Wellington.

¶1. (C) Summary. New Zealand opposition leader John Key's persona in private meetings with USG officials has differed little from the face he has presented to the New Zealand public since taking charge of the National Party last November. Key comes across as modest and moderate, determined not to alienate the broad New Zealand political middle by promoting policies significantly different from those of the ruling Labour government. Likewise, Key's public and private statements to date suggest any foreign policy changes under a Key-led government would be changes of tone rather than substance. Key's determination not to offend begs the question of how he will persuade voters that there is any reason to shift their support away from Labour. End summary.

¶2. (C) In recent meetings with USG officials, and in public statements, New Zealand's National Party chief and opposition leader John Key made clear that his goal, at least for the time being, is to give the party a more congenial public face rather than draw dramatic distinctions between National and the ruling Labour Party. Key met with visiting DAS Glyn Davies on January 23, after the latter's visit to New Zealand to mark the fiftieth anniversary of U.S.-NZ cooperation in the Antarctic and, before becoming opposition leader, with ConGen Auckland PO.

¶3. (C) During these conversations, Key declined to describe a distinctive National Party foreign policy. Asked how New Zealand foreign policy would differ under a National government, Key said the change would be more in tone than in substance. Indeed, one of Key's first public statements after becoming opposition leader affirmed National's support for the country's anti-nuclear stance. Key and his advisors recognize that foreign policy is a weak spot. To strengthen Key's foreign affairs credentials, the party announced that it will form a think tank of former senior National politicians, including former PM Bolger, to advise Key.

¶4. (C) While we may not see much new foreign policy substance, we can expect a far more friendly tone from a National government. Key described Prime Minister Clark as "fundamentally anti-American," citing then-Duty Minister Anderton's remarks highly critical of the President's Iraq policy speech. While Clark disavowed Anderton's comments, Key is convinced that Anderton was only echoing the sort of

remarks Anderton has heard the Prime Minister make in private.

15. (C) The conventional wisdom holds that Key's predecessor, Don Brash, was doomed at least in part because he had been labeled "conservative" or, even more fatally, "neoconservative." Key takes a different tack. He told Davies that National would not differentiate itself from Labour with a conservative economic program because a "socialist streak" runs through all New Zealanders - "not like Sweden, but it's there." Key described the New Zealand polity as a bell curve, with the bulk of voters occupying the center. A move to the right, Key said, would lose far more voters than it would gain. Key is also reluctant to show his hand because he fears Labour will adopt any popular ideas he puts forward regarding, for example, tax cuts. Given that the next election is some time away, the ruling Labour Party would have plenty of time to make Key's good ideas its own.

16. (C) Hewing to the center is not simply an electoral strategy - the center is where Key feels most comfortable. When he was National's finance spokesman, Key spoke privately in very positive terms about his counterpart, Finance Minister Cullen, describing him as an intelligent and skilled policymaker. Asked what National would do to improve the business climate in New Zealand, Key had little to say. He declined the opportunity to bash Labour or describe how he would do things differently. He suggested that New Zealand's business environment is strong and identified "brain drain" to Australia as the only significant problem. In remarks to the press shortly after becoming National leader, Key backed away from the previous National position that New Zealand's labor laws undermined labor market flexibility.

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17. (C) Key's private remarks to the Auckland CG reinforced the impression that he does not see a big role for Wellington in improving New Zealand's economy and is not seeking big new ideas for promoting growth and higher incomes. Key expressed support in a pro forma way for tax cuts, but otherwise suggested only that New Zealand concentrate on adding value to its core strengths - agriculture, tourism, and aquaculture. He avoided the usual platitudes about high tech and globalization being the keys to New Zealand's future.

18. (C) Comment. Key's move to the center makes sound political sense. It was probably inevitable given how effectively Labour exploited his predecessor's alleged right-wing tendencies in order to frighten New Zealand's essentially Social Democratic electorate. Key is also a more natural politician than his predecessor. Key can join a pickup volleyball game with a group of teenagers without looking entirely fake, while Don Brash's public events often were reminiscent of Governor Dukakis's disastrous tank-driving outing. However, Key's easygoing and inoffensive approach has already generated accusations that his National Party is no more than "Labour-lite." What is impressive about Key is that he has clearly thought through his strategy and is both aware of and comfortable with its inherent tradeoffs. He appears to know it will be a challenge for him to distinguish National from Labour in a meaningful way without unsettling those voters most comfortable on the middle ground. End comment.  
Keegan